

## **BILL ANALYSIS**

Senate Research Center

H.B. 2323  
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Education  
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Enrolled

### **DIGEST AND PURPOSE**

There is concern that the number of attorneys who provide legal services to the indigent is declining because of uncompetitive salary and benefits. To remedy this situation, an incentive may need to be provided to an attorney who chooses to serve the public through indigent legal services. H.B. 2323 requires the Texas Higher Education Coordinating Board to provide assistance in the repayment of law school education loans for an attorney who provides legal services to the indigent.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 61.958, Education Code) and SECTION 2 (Section 61.9609, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 61, Education Code, by adding Subchapter X, as follows:

#### **SUBCHAPTER X. REPAYMENT OF CERTAIN LAW SCHOOL EDUCATION LOANS: ATTORNEY OF NONPROFIT ORGANIZATION SERVING INDIGENT PERSONS**

Sec. 61.951. REPAYMENT ASSISTANCE AUTHORIZED. Requires the Texas Higher Education Coordinating Board (board) to provide, in accordance with this subchapter and board rules, assistance in the repayment of law school education loans for attorneys who apply and qualify for the assistance. Provides that the provision of financial assistance in the repayment of education loans under this subchapter provides a public purpose.

Sec. 61.952. ELIGIBILITY. Sets forth the eligibility requirements to receive repayment assistance.

Sec. 61.953. LIMITATIONS. Authorizes an attorney to receive repayment assistance grants for each of not more than 10 years. Prohibits the amount of loan repayment assistance received by an attorney under this subchapter from exceeding 50 percent of the total amount of the attorney's outstanding law school loans, including scheduled interest payments that would become due if the loan is not prepaid, when the attorney enters into the agreement.

Sec. 61.954. ELIGIBLE LOANS. Authorizes the board to provide repayment assistance for the repayment of any education loan received by the attorney through any lender for education at a school of law authorized by the board to award a degree that satisfies the law study requirements for licensure as an attorney in this state. Prohibits the board from providing repayment assistance for an education loan that is in default at the time of the attorney's application.

Sec. 61.955. REPAYMENT. Requires the board to deliver any repayment assistance made under this subchapter in a lump sum payable to the lender and the attorney in accordance with any applicable federal law. Authorizes loan repayment assistance received under this subchapter to be applied to the principal amount of the loan and to interest that accrues. Requires any repayment assistance to be reasonably related to the amount of time an attorney is employed by the eligible organization.

Sec. 61.956. **ADVISORY COMMITTEE.** Authorizes the board to appoint an advisory committee to assist the board in performing the board's duties under this subchapter.

Sec. 61.957. **ACCEPTANCE OF GIFTS.** Authorizes the board to solicit and accept gifts, grants, and donations for the purposes of this subchapter.

Sec. 61.958. **RULES.** Requires the board to adopt rules necessary for the administration of this subchapter, including a rule that sets a maximum amount of repayment assistance that an attorney may receive in one year. Requires the board to distribute a copy of the rules adopted under this section and pertinent information in this subchapter to certain entities.

**SECTION 2.** Amends Chapter 61, Education Code, by adding Subchapter Y, as follows:

**SUBCHAPTER Y. REPAYMENT OF CERTAIN LAW SCHOOL EDUCATION LOANS:  
ASSISTANT DISTRICT OR COUNTY ATTORNEY**

Sec. 61.9601. **DEFINITION.** Defines "rural county."

Sec. 61.9602. **REPAYMENT ASSISTANCE AUTHORIZED.** Requires the board to provide, using funds appropriated for that purpose and in accordance with this subchapter and board rules, assistance in the repayment of law school education loans for attorneys who apply and qualify for assistance. Provides that the provision of financial assistance in the repayment of education loans under this subchapter promotes a public purpose.

Sec. 61.9603. **ELIGIBILITY.** Sets forth certain requirements for an attorney to be eligible to receive repayment assistance.

Sec. 61.9604. **ELIGIBLE LOANS.** Authorizes the board to provide repayment assistance for the repayment of certain education loans and prohibits the board from providing repayment assistance for an education loan that is in default at the time of the attorney's application.

Sec. 61.9605. **AGREEMENT.** Requires a person to enter in to a written agreement with the board, as provided by this section, to qualify for loan repayment assistance under this chapter. Sets forth certain requirements and guidelines for the agreement. Requires all amounts collected in repayment of a loan under this section, including interest, but excluding collection costs paid by the board to another person to collect or assist in collecting the amount, to be deposited to the credit of the trust fund established by Section 61.9608.

Sec. 61.9606. **REPAYMENT.** Requires the board, except as provided by Section 61.9609(a), to provide repayment assistance under this subchapter in certain amounts. Requires the board to deliver any repayment assistance made under this subchapter in a lump sum payable to the lender and the attorney and in accordance with any applicable federal law. Authorizes loan repayment assistance received under this subchapter to be applied to the principal amount of the loan and to interest that accrues.

Sec. 61.9607. **ADVISORY COMMITTEE.** Authorizes the board to appoint an advisory committee from outside the board's membership to assist the board in performing the board's duties under this subchapter.

Sec. 61.9608. **FUNDING.** Provides that the loan repayment assistance program established by this subchapter is funded from the rural district and county attorney student loan assistance trust fund. Establishes the trust fund outside the treasury to be administered by the comptroller. Authorizes money in the trust fund to be spent without appropriation and only to fund the program. Requires interest and income from the assets of the trust fund to be credited to and deposited in the trust fund. Authorizes the board to solicit and accept gifts, grants, and donations from any public or private source for the purposes of this subchapter and requires the board to deposit money accepted under this subsection to the credit of the trust fund. Authorizes the legislature to appropriate money to the trust fund.

Sec. 61.9609. **RULES.** Requires the board to adopt rules necessary for the administration

of this subchapter, including certain rules. Requires the board to distribute a copy of the rules adopted under this section and pertinent information in this subchapter to certain entities and individuals.

SECTION 3. Requires the board to adopt the rules for the repayment assistance program under Chapter 61X, Education Code, as added by this Act, not later than December 1, 2001.

SECTION 4. Effective date: September 1, 2001.